

LEXCO

A Utah Corporation

Mining and Mineral Exploration
P.O. Box 1198
582 North Vernal Avenue
Vernal, Utah 84078
801 789 5361

FAX CORRESPONDENCE

DATE: MARCH 18, 1998
TO: D.O.G.M.
ATTN: TONY GALLEGOS
REF: _____
FROM: LEXCO, INC. / JAMES M. LEKAS
435 545-2477 PHONE
435-545-2476 FAX

NUMBER OF PAGES (including cover): 6

TONY:

FOLLOWING ARE COPIES OF
THREE LETTERS WE SENT TO
BLM REGARDING EXPLORATION ACTIVITY
AT OUR COTTONWOOD MINE SITE
5/04/7064.

Jim

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COPY

2/25/98

February 25, 1998

TO: BLM
Vernal District Office
Vernal, Utah 84078

FROM: James M. Lekas / Lexco Inc.

ATTN: Mr. Pete Sokolosky

REGARDING:

Dear Mr. Sokolosky:

Enclosed is a copy of the letter that we mailed to Stan Perks on January 8, 1998.

Shaft Site #2 was previously approved as part of our Phase 1 Development.

All of our proposed site specific exploration activity related to Shaft Site #2 would be located on this approved disturbance site or between previously disturbed areas except Drill Hole #25.

We are interested in conducting this activity while the ground is frozen to minimize the surface disturbance.

Please let me know if you envision a significant delay in approving the exploration activity so that we can make alternate plans.

Sincerely,



James M. Lekas
Lexco Inc.

JML/db

Copy
Mailed
on 4/8/98

December 26, 1997

Mr. Stan Perks
Bureau of Land Management
324 State St., Ste 301
Salt Lake City, UT 84111

Re: Phase 1 Development, UTU-72699

Dear Mr. Perks:

We hereby notify the Utah State Office of the BLM of our intent to construct Shaft #2 on our Federal Gilsonite Lease UTU-72699.

In order to select the exact site for the shaft and to prepare detailed plans, we would like to conduct the following pre-mine exploration.

We propose to drill 6 angle holes to intercept the vein at depth and one vertical hole drilled vertically in the plane of the vein. The vertical hole will establish the base of the oxidized zone. Locations of drill holes are shown on Fig. 1.

The angle holes will be drilled at an angle of 30 degrees from vertical. The depths of intersection with the vein are as follows:

<u>HOLE NUMBER</u>	<u>VERTICAL DEPTH OF INTERSECTION (feet)</u>
21	50
22	100
23	150
24	200
25	150
26	150
27	Vertical hole in vein to depth of 200 feet

Drilling will be done with a small top drive rotary drill. The drill is mounted on a trailer and towed by a pickup truck. Drilling will be by compressed air. The drilling will not require any road or pad construction. There will be no mud pits or water trucks. There will be no leveling or clearing at the drill sites. All holes will be plugged according to Division of Oil, Gas and Mining procedures immediately upon completion of the hole.

We propose to excavate 8 trenches on the outcrop of the vein. The trenches will be located between the previously excavated trenches shown on Fig. 1 for a distance of 400 feet on each side of Shaft #2.

The trenches will be excavated with a small, rubber tired backhoe. There will be no road construction. The trenches will be approximately 3 feet wide, 3 feet deep and 5 feet long. The surface soil will be set aside, and upon completion of measuring vein widths, the trench will be backfilled and the topsoil will be replaced and contoured. The disturbed area will be seeded with a BLM approved seed mix.

Following the completion of this pre-mine exploration, we will submit a plat describing the location and construction of shaft #2 facilities.

Sincerely,

James M. Lekas
Lexco Inc.

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801 789-5361

FAXED
3/11/98**FAX CORRESPONDENCE****DATE:** March 11, 1998**COMPANY NAME:** US Bureau of Land Management**ATTENTION:** Mr. Pete Sokolosky**REGARDING:****FROM:** James M. Lekas / Lexco, Inc.**OUR FAX NUMBER:** (435) 545-2476**NUMBER OF PAGES (including cover):** 1

Dear Mr. Sokolosky:

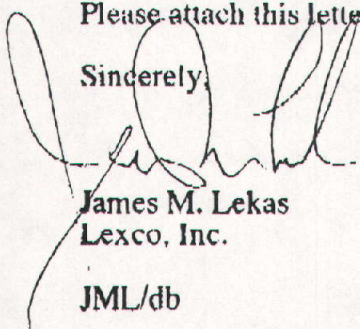
With regards to our request for approval to conduct exploratory drilling on our Gilsonite Lease #UTU-72699 dated 12/26/97 and copied to you on 2/25/98, please be advised that;

1) "Less than 10,000 pounds of any chemical(s) from EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less than the Threshold Planning Quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR 355, would be used, produced, transported, stored, disposed, or associated with the proposed drilling operations. Vehicle and equipment fuel, lubricants, antifreeze and battery acid would be the only hazardous materials used or associated with the proposed action. Risk of a release would be very low, and the adverse environmental affect of a release would be minimal because it would be cleaned up immediately and disposed of in an approved waste disposal facility."

2) No water will be used or diverted in our proposed drilling activity.

Please attach this letter to the above referenced request for approval.

Sincerely,



James M. Lekas
Lexco, Inc.

JML/db

